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USAID FOR GEORGE LIKE, DCHA/PVC-ASHA

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SUBJECT: CZECH REPUBLIC: STRONG SUPPORT FOR (CERGE-EI)
CENTER FOR ECONOMIC RESEARCH AND GRADUATE EDUCATION --
ECONOMIC INSTITUTE

REF: STATE 159943

1. SUMMARY: Post strongly supports ASHA financial assistance for CERGE-EI, the leading economics doctoral program in the region, fully-accredited in both the Czech Republic and the United States. CERGE-EI has the best economics library in the country, containing a wealth of American texts and journals that teach and promote market-based economics. END SUMMARY.

Demonstration Center for American Ideas and Practices in Education

2. CERGE-EI was founded in 1991 "to meet the post-communist countries' critical need for economists, to educate a new economic leadership for the region in the region." CERGE-EI provides an "american-style" education and is accredited by the New York State Board of Regents. Its four-year doctoral program consists of two-years of course work followed by two-years of supervised dissertation research. The working language of the institution is English, and CERGE-EI encourages its students to conduct part of their dissertation research at partner institutions in Western Europe and North America.

3. CERGE-EI's English Department is unique among major doctoral programs in economics, and provides students with the skills necessary to successfully participate in economic research and publication at the highest levels. As increasing percentage of students in doctoral programs in the U.S. come from non-English speaking backgrounds, visitors to CERGE-EI frequently observe that the innovative program at CERGE-EI and the integral role English instruction plays in its doctoral program provide a model that should be adopted at their own institutions.

4. The Executive and Supervisory Committee of CERGE-EI draw distinguished economists from top U.S. universities: Joseph Stiglitz from Columbia University; Philippe Aghio of Harvard University; Orley Ashenfelter, Richard Quandt and Henry Farber of Princeton University; Jan Svenar and Jan Kemtna of the University of Michigan; Gerard Roland, Michelle White and Roger Gordon from the University of California system.

Importance and Quality of CERGE-EI in the Field of Education

5. One of CERGE-EI's primary goals is to educate future economic leaders of countries in transition throughout the world. The student profile is as follows: 60 percent men; 40 percent women; 25 percent from Russia, Ukraine and Belarus; 24 percent from the Czech Republic, 20 percent from the Balkans; 18 percent from Poland, Hungary and Slovakia; 11 percent other former Soviet states; 2 percent from the rest of the world. 80 percent of CERGE-EI graduates are employed in the region. The average grade point average of entering students is above 3.6 (out of 4.0).

6. A glance at CERGE-EI alumni profile speaks to the importance and quality of its program; 38 percent of CERGE-EI graduates find employment in the public sector (ministries, central banks and international organizations), 25 percent in university teaching, and 37 percent in the private sector. Graduates include economists at International Financial Institutions (IFIs) such as the International Monetary Fund, the World Bank, and the European Bank for Reconstruction and Development. Czech National Bank Governor Zdenek Tuma is a former CERGE-EI faculty member. Graduates in the private sector are employed by private banks Citibank Komerční Banka) and consulting firms (e.g. McKinsey & Company, the Boston Consulting Group). Graduates teach in Universities in the region, in Western Europe and in the U.S. (e.g., Tilburg University in the Netherlands, University of Iowa). When the World Bank commissioned a major study calling for reform of Czech capital markets, CERGE-EI professors joined the study team to provide local expertise and CERGE-EI students were employed to conduct data analysis.

7. Recognizing the critical impact of economic training on the success of reform, CERGE-EI offered to provide doctoral study in Prague for two Iraqi students. As such, CERGE-EI

has been at the crux of transition countries' struggle to move from a totalitarian, centrally-planned economies to market democracies. In the words of CERGE-EI, "experience in the post-communist world has demonstrated that early intervention to establish an effective higher education system is a critical component of supporting the enormous political and social changes necessary to build democracy and prosperity."

Competence in Professional Skills, Sound Management and Financial Practices

18. CERGE-EI is a tax exempt (IRS 501C3 status) institution subject to U.S. audits. Its 2003 budget was USD 3.0 million, excluding grant-finance expenditures on research and other programmatic activities. 2003 income sources break down as follows:

26.7 percent Academy of Sciences of the Czech Republic;
22.1 percent affiliate Charles University;
13.5 percent Corporate Donations;
14.4 percent International Organizations;
8 percent Earned Income including Grant Overheads;
7.7 percent Individual Donations;
6.7 percent Interest & Endowment Income;
0.9 percent Foundation & Government grants.

2003 expenses breakdown as follows:

26.4 percent Permanent Faculty;
18.4 percent Student Stipends & Mobility;
12.7 percent Physical plant & Building renovation.
10 percent library;
8.6 percent support staff
7.1 percent materials & supplies;
6.4 percent Development & Public Relations;
4.4 percent Senior Part-time faculty;
4.3 percent Computer Department;
1.7 percent seminar & research support

The Library

19. Established in 1992, it is simply the best economics library in the Czech Republic, and one of the best in Central and Eastern Europe. Econoffs toured the library and were impressed by the number of recognizable U.S. economic texts (used for introductory and intermediate micro- and macro-economic courses) and U.S. economic journals. The estimated number of registered users of the library is currently about 2000. The library contains 25,000 books and 270 periodicals, including journals published by: American Economic Association, American Statistical Association, Brookings Institutions, University of Chicago Press, University of Wisconsin Press, MIT Press, Cornell University. Over 600 full-text on-line journals are available in the electronic library..

110. The CERGE-EI library contains THE most extensive and up-to-date economics collection in Central and Eastern Europe, with over 80,000 printed items and subscribe to over 250 periodicals and electronic databases. One of the first open-stack facilities in the region, the CERGE-EI library is widely used by the general public as well as by students from other institutions. Since December 1994, it has been a depository library of the World Bank. Computer facilities include a UNIX lab with high-capacity works stations and several PC labs. The ratio of computers to students is among the highest in Europe.

Local & Embassy Comments

111. Econoffs conducted interviews with four local contacts from government and business sectors, as well as with locally-hired staff at the Embassy who interact with CERGE-EI. CERGE-EI is a highly regarded institution, particularly known for its independent, intellectual and theoretical academic content, and with the best library in the country. Any criticism of CERGE-EI tends to be its "over" emphasis on theory versus applied economics. In June 2005, the Ambassador commended CERGE-EI for its continued leadership in higher education and success in building partnerships with American and other international university and training programs. In the Embassy's efforts to support Czech-American cultural and educational exchanges, we are continuing our partnership with CERGE-EI through the Embassy's Office of Public Affairs.CABANISS